Financial Statements

For the three and nine months ended September 30, 2017

Statements of Financial Position

(Thousands of Canadian dollars)	Note	**Sept. 30, 2017**	Dec. 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents		**-**	100
Accounts receivable and accrued receivables	18	**8,681**	8,456
Prepaid expenses and deposits		**2,852**	2,119
Derivative contracts	18	**239**	-
Total current assets		**11,772**	10,675
Property, plant and equipment	5, 6	**229,871**	225,067
Exploration and evaluation	7	**11,716**	11,599
Deferred tax		**55,955**	56,149
Total assets		**309,314**	303,490
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Deferred lease credits		**43**	129
Accounts payable and accrued liabilities	18	**16,572**	15,476
Flow-through share premium	11	**244**	244
Derivative contracts	18	**-**	1,549
Total current liabilities		**16,859**	17,398
Deferred lease credits		**-**	11
Bank debt	8	**36,911**	29,755
Decommissioning obligation	9	**67,681**	68,948
Total long term liabilities		**104,592**	98,714
Total liabilities		**121,451**	116,112
Shareholders' equity			
Share capital	11	**225,292**	226,541
Contributed surplus		**12,373**	9,878
Deficit		**(49,802)**	(49,041)
		187,863	187,378
Total liabilities and shareholders' equity		**309,314**	303,490
Commitments	20		

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

On behalf of the Board of Directors:

(signed) "Steve Nikiforuk" (signed) "Doug Bartole"

Steve Nikiforuk Doug Bartole

Statements of (Loss) and Comprehensive (Loss)

(Thousands of Canadian dollars, except per share amounts)	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2017	2016	**2017**	2016
Oil and natural gas sales	14	**14,489**	5,681	**44,222**	17,271
Royalties		**(1,509)**	(531)	**(4,505)**	(1,532)
Revenue		**12,980**	5,150	**39,717**	15,739
Gain (loss) on derivative contracts	18	**(282)**	326	**2,741**	(710)
		12,698	5,476	**42,458**	15,029
Operating expenses		**6,616**	2,475	**17,417**	7,931
Transportation expenses		**206**	86	**702**	389
Exploration and evaluation expenses	7	**408**	387	**572**	663
General and administrative expenses	15	**1,450**	914	**4,196**	2,638
Share-based compensation	12	**409**	359	**1,201**	1,488
Transaction & integration costs		**-**	41	**341**	47
Depletion and depreciation	6	**5,590**	2,732	**16,394**	9,750
Finance expenses	16	**906**	448	**2,202**	1,391
Impairment	6	**-**	-	**-**	12,162
		15,585	7,442	**43,025**	36,459
(Loss) before tax		**(2,887)**	(1,966)	**(567)**	(21,430)
Deferred income tax expense (recovery)	10	**(659)**	(428)	**194**	(5,371)
(Loss) and comprehensive (loss)		**(2,228)**	(1,538)	**(761)**	(16,059)
(LOSS) PER COMMON SHARE					
Basic and diluted	13	**(0.04)**	(0.13)	**(0.01)**	(1.33)

The above Statements of (Loss) and Comprehensive (Loss) should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

(Thousands of Canadian dollars)	Note	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance at December 31, 2015		118,262	7,480	(69,060)	56,682
Share-based compensation	12	-	1,923	-	1,923
(Loss) for the period		-	-	(16,059)	(16,059)
Balance at September 30, 2016		**118,262**	**9,403**	**(85,119)**	**42,546**
Issuance of share capital	11	109,859	-	-	109,859
Share-issue costs, net of deferred tax	11	(1,580)	-	-	(1,580)
Share-based compensation	12	-	475	-	475
Profit for the period				36,078	36,078
Balance at December 31, 2016		**226,541**	**9,878**	**(49,041)**	**187,378**
Share-based compensation	12	**-**	**1,769**	**-**	**1,769**
(Loss) for the period		**-**	**-**	**(761)**	**(761)**
Repurchase of shares	11	**(1,249)**	**726**	**-**	**(523)**
Balance at September 30, 2017		**225,292**	**12,373**	**(49,802)**	**187,863**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statements of Cash Flows

(Thousands of Canadian dollars)	Note	Three Months Ended September 30 2017	2016	Nine Months Ended September 30 2017	2016
Cash flows provided by (used in):					
OPERATING ACTIVITIES					
(Loss) for the period		**(2,228)**	(1,538)	**(761)**	(16,059)
Non-cash items:					
Depletion and depreciation	6	**5,590**	2,732	**16,394**	9,750
Unrealized loss (gain) on derivative contracts	14	**695**	(186)	**(1,787)**	3,626
Accretion on decommissioning obligation	9	**447**	60	**1,117**	231
Impairment	6	**-**	-	**-**	12,162
Share-based compensation	12	**409**	359	**1,201**	1,488
Exploration expense	7	**408**	387	**572**	663
Deferred income tax expense (recovery)	10	**(659)**	(428)	**194**	(5,371)
Decommissioning expenditures	9	**-**	(55)	**(251)**	(55)
Net change in non-cash working capital	17	**(1,003)**	(2,858)	**(588)**	(1,981)
Net cash flow provided by (used in) operating activities		**3,659**	(1,527)	**16,091**	4,455
FINANCING ACTIVITIES					
Increase in bank debt	8	**1,714**	2,046	**7,156**	1,335
Repurchase of common shares, net of issuance costs	11	**(327)**	-	**(523)**	-
Net change in non-cash working capital	17	**(196)**	-	**-**	-
Net cash flow provided by financing activities		**1,191**	2,046	**6,633**	1,335
INVESTING ACTIVITIES					
Capital expenditures – Property, plant and equipment	6	**(8,268)**	(209)	**(21,900)**	(3,716)
Capital expenditures – Exploration and evaluation	7	**(24)**	(11)	**(331)**	(27)
Property acquisitions	5	**-**	-	**(1,220)**	-
Net change in non-cash working capital	17	**3,442**	(299)	**627**	(2,047)
Net cash flow (used in) investing activities		**(4,850)**	(519)	**(22,824)**	(5,790)
(Decrease) in cash and cash equivalents		**-**	-	**(100)**	-
Cash and cash equivalents, beginning of the period		**-**	-	**100**	-
Cash and cash equivalents, end of the period		**-**	-	**-**	-
Interest paid in cash		**459**	388	**1,085**	1,160

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

(Tabular amounts in thousands of Canadian dollars, unless otherwise stated)

1. CORPORATE INFORMATION

InPlay Oil Corp. ("**InPlay**" or the "**Company**") is actively engaged in the acquisition, exploration and development of petroleum and natural gas properties, and the production and sale of crude oil, natural gas and natural gas liquids. InPlay is a publicly traded company incorporated and domiciled in Alberta, Canada. InPlay's common shares are listed on the Toronto Stock Exchange (the "**TSX**") and trade under the symbol IPO. InPlay's corporate office is located at 920, 640 - 5th Avenue SW, Calgary, Alberta, its registered office is located at 2400, 525 - 8th Avenue SW Calgary, Alberta, and its petroleum and natural gas operations are located in the Province of Alberta.

A plan of arrangement (the "**Arrangement**") involving the predecessor to InPlay ("**Prior InPlay**") and Anderson Energy Inc. ("**Anderson**"), a publicly-traded company listed on the TSX, was completed on November 7, 2016. The Arrangement constituted a reverse acquisition that involved a change of control of Anderson and a business combination of Anderson and Prior InPlay to form a new corporation that now carries on Prior InPlay's and Anderson's business and operations under the name InPlay Oil Corp. InPlay has the same directors and management as Prior InPlay. Effective November 10, 2016, InPlay common shares commenced trading on the TSX in substitution of Anderson common shares. All regulatory filings of InPlay and Anderson can be accessed electronically under InPlay's profile on the SEDAR website at www.sedar.com.

2. BASIS OF PRESENTATION

Compliance with IFRS

These financial statements comply with International Financial Reporting Standards ("**IFRS**") and International Accounting Standards ("**IAS**") as issued by the International Accounting Standards Board ("**IASB**"), applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the audited annual financial statements as at and for the year ended December 31, 2016.

The financial statements were approved and authorized for issuance by the Board of Directors on November 10, 2017.

In preparing these condensed interim financial statements, the basis of presentation made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended December 31, 2016.

3. SUMMARY OF ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In preparing these condensed interim financial statements, the accounting policies, methods of computation and significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended December 31, 2016.

There were no new or amended accounting policies adopted during the year ended December 31, 2016 that had a material impact on the determination of financial position or profit or loss.

Standards that are issued and that the Company reasonably expects to be applicable at a future date are listed below.

IFRS 9 "Financial Instruments". On July 24, 2015 the IASB issued the complete IFRS 9 ("IFRS 9 (2015)"). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. IFRS 9 (2015) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2015), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2015) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The Company intends to adopt IFRS 9 (2015) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of the adoption of this standard has not yet been determined.

IFRS 15 "Revenue from Contracts with Customers". In May 2015, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of the adoption of this standard has not yet been determined.

IFRS 16 "Leases". On January 13, 2016 the IASB issued IFRS 16 Leases. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases. The standard will come into effect for annual periods beginning on or after January 1, 2019 with earlier adoption permitted. The Company intends to adopt IFRS 16 in its financial statements for the annual periods beginning on January 1, 2019. The extent of the impact of the adoption of this standard has not yet been determined.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the accounting policies, methods of computation and significant judgements, estimates and assumptions made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the year ended December 31, 2016.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

5. BUSINESS COMBINATIONS

On November 7, 2016, InPlay completed the Arrangement that included a reverse acquisition of Anderson, a publicly-traded company with an oil and gas production business in Alberta, Canada. See notes 1, 5 and 11. In connection with the Arrangement, InPlay also completed an issue of common shares for proceeds of $70.3 million and an asset acquisition of oil and natural gas properties for a purchase price of $47 million prior to purchase price adjustments (the "**Asset Acquisition**"). See notes 5 and 11.

5(a) 2016 Arrangement

As part of the Arrangement, Anderson's 17,771,472 outstanding common shares were effectively converted into InPlay common shares at an exchange ratio of one for one. As a part of the Arrangement, Anderson was amalgamated with Prior InPlay to form InPlay. The former shareholders of Prior InPlay owned 72% of the outstanding common shares of InPlay, and the management and board of directors of Prior InPlay became the management and board of directors of InPlay, thereby obtaining control of Anderson. The reverse acquisition of Anderson by InPlay has been accounted for as a business combination under IFRS 3.

InPlay completed the Arrangement with Anderson to expand InPlay's asset base with producing assets and interests in facilities in the Cardium assets as well as undeveloped lands in Pembina and other areas in Alberta that were complementary to those of InPlay. The transaction also enabled InPlay to become a publicly traded entity on the Toronto Stock Exchange.

The fair value at November 7, 2016 of the total consideration transferred and the amounts recognized attributed to the assets and liabilities acquired was as follows:

Consideration:	**($'000s)**
Share consideration	**35,543**
Total Consideration	**35,543**
Recognized amounts of assets acquired and liabilities assumed	
Cash	**2,459**
Accounts receivable and accrued receivables	**3,268**
Prepaid expenses	**1,076**
Exploration and evaluation	**5,410**
Property, plant and equipment	**45,332**
Deferred tax asset	**37,589**
Accounts payable and accrued liabilities	**(4,472)**
Decommissioning obligation	**(13,743)**
Total identifiable net assets	**76,919**
Gain on acquisition	**(41,376)**
	35,543

The fair value of the 17,771,472 common shares of InPlay effectively issued to the former shareholders of Anderson in exchange for the Anderson common shares outstanding immediately prior to the completion of the Arrangement on a one-for-one basis was $2.00 per common share, or $35.5 million, based on Anderson's closing price quoted on the TSX on November 7, 2016, the date of closing of the Arrangement. See note 11.

A gain on acquisition was recorded with this business combination as a result of the deferred tax asset on acquisition being recorded at book value rather than fair value in addition to the fact that final consideration is based upon a lower share price at closing compared to the price contemplated at the time the deal was negotiated.

The fair value of accounts receivable was $3.3 million which consists of trade receivables arising from the sale of oil and natural gas production and billings related to joint operations activities. The gross contractual amount for trade receivables is $3.7 million, of which $0.4 million was expected to be uncollectible.

The fair value of the decommissioning obligation at November 7, 2016 was based on the estimated future cash flows to decommission the acquired property, plant and equipment at the end of its useful life. The discount rates used to determine the net present value of the decommissioning obligation were credit adjusted risk-free rates that ranged from 7.5% to 8.4%. At December 31, 2016 the decommissioning liability was revalued at risk-free rates ranging from 1.4% to 2.3%, resulting in incremental additions of $17.4 million of decommissioning obligation and corresponding additions to property, plant and equipment.

The acquired business contributed revenues consisting of oil and natural gas sales net of royalties of approximately $2.3 million and operating income which is defined as oil and natural gas sales net of royalties less operating and transportation costs of $1.6 million to InPlay for the period from November 7, 2016 to December 31, 2016. Had the Arrangement occurred on January 1, 2016, additional pro-forma oil and natural gas sales net of royalties of $11.2 million and operating income of $5.4 million would have been recognized over the year ended December 31, 2016.

5(b) 2016 Asset Acquisition

The Asset Acquisition involved the purchase of producing assets, undeveloped lands and interests in various facilities in the Pembina area of Alberta, Canada. The Asset Acquisition has been accounted for as a business combination under IFRS 3.

The fair value at November 7, 2016 of the total consideration transferred and the amounts recognized attributed to the assets acquired was as follows:

Consideration:	**($'000s)**
Cash consideration	**41,422**
Share consideration	**4,347**
Total Consideration	**45,769**
Recognized amounts of assets acquired and liabilities assumed	
Accounts receivable and accrued receivables	**470**
Prepaid expenses	**191**
Exploration and evaluation	**1,457**
Property, plant and equipment	**47,489**
Decommissioning obligation	**(3,838)**
Total identifiable net assets	**45,769**

During the three months ended June 30, 2017, the cash consideration was reduced by $0.3 million as a result of receipt of the final statement of adjustments relating to the acquisition, with a corresponding reduction in the recognized amounts of Property, plant and equipment.

The fair value of the 2,171,667 common shares of InPlay, which were the 16,666,666 "Prior InPlay" common shares converted at the 0.1303 exchange ratio under the Arrangement, issued as partial consideration for the purchase of assets was $2.00 per common share, or $4.3 million. This price was based on Anderson's closing price quoted on the TSX on November 7, 2016, the date of closing of the Arrangement. See note 11.

The fair value of the decommissioning obligation at November 7, 2016 was based on the estimated future cash flows to decommission the acquired property, plant and equipment at the end of its useful life. The discount rates used to determine the net present value of the decommissioning obligation were credit adjusted risk-free rates that ranged from 8.0% to 8.3%. At December 31, 2016 the decommissioning liability was revalued at risk-free rates ranging from 2.0% to 2.3%, resulting in incremental additions of $12.6 million of decommissioning obligation and corresponding additions to property, plant and equipment.

The acquired business contributed revenues consisting of oil and natural gas sales net of royalties of approximately $1.8 million and operating income which is defined as oil and natural gas sales net of royalties less operating and transportation costs of $0.6 million to InPlay for the from period November 7, 2016 to December 31, 2016. Had the Asset Acquisition occurred on January 1, 2016, an additional pro-forma oil and natural gas sales net of royalties of $9.0 million and operating income of $3.9 million would have been recognized over the year ended December 31, 2016.

5(c) Other

Effective June 6, 2017, the Company purchased producing assets, undeveloped lands and interests in various facilities in the Cardium area of Alberta, Canada. The transaction has been accounted for as a business combination under IFRS 3.

The fair value at June 6, 2017 of the total consideration transferred and the amounts recognized attributed to the assets acquired was as follows:

Consideration:	**($'000s)**
Cash consideration	**1,583**
Total Consideration	**1,583**
Recognized amounts of assets acquired and liabilities assumed:	
Prepaid expenses	**20**
Exploration and evaluation	**358**
Property, plant and equipment	**1,412**
Decommissioning obligation	**(207)**
Total identifiable net assets	**1,583**

The fair value of the decommissioning obligation at June 6, 2017 was based on the estimated future cash flows to decommission the acquired property, plant and equipment at the end of its useful life. The discount rates used to determine the net present value of the decommissioning obligation were credit adjusted risk-free rates that ranged from 8.0% to 8.1%. At June 30, 2017 the decommissioning liability was revalued at risk-free rates ranging from 2.0% to 2.1%, resulting in incremental additions of $0.7 million of decommissioning obligation and corresponding additions to property, plant and equipment.

The acquired business contributed revenues consisting of oil and natural gas sales net of royalties of approximately $0.25 million and operating income, which is defined as oil and natural gas sales net of royalties less operating and transportation costs of $0.2 million to InPlay for the period from June 6, 2017 to September 30, 2017. Had the asset acquisition occurred on January 1, 2017, an additional pro-forma oil and natural gas sales net of royalties of approximately $0.5 million and operating income of $0.2 million would have been recognized over the nine months ended September 30, 2017.

The fair values of the identifiable assets and liabilities acquired as reported in the tables in note 5 were estimated based on information available at the time of preparation of the financial statements and could be subject to change.

6. PROPERTY, PLANT AND EQUIPMENT

Cost **($'000s)**	Oil & Natural Gas Assets	Other Equipment	Total
Balance at December 31, 2015	226,127	338	226,464
Additions	11,102	51	11,154
Additions/revisions to decommissioning obligation	28,156	-	28,156
Acquisitions	93,165	-	93,165
Transfer from exploration and evaluation assets	57	-	57
Balance at December 31, 2016	**358,607**	**389**	**358,996**
Additions	22,000	126	22,126
Additions/revisions to decommissioning obligation	(2,340)	-	(2,340)
Acquisitions	1,412	-	1,412
Balance at September 30, 2017	**379,679**	**515**	**380,194**

Accumulated Depletion & Impairment **($'000s)**	Oil & Natural Gas Assets	Other Equipment	Total
Balance at December 31, 2015	107,956	86	108,042
Impairment loss	12,162	-	12,162
Depletion and depreciation	13,669	56	13,725
Balance at December 31, 2016	**133,787**	**142**	**133,929**
Depletion and depreciation	16,341	53	16,394
Balance at September 30, 2017	**150,128**	**195**	**150,323**

Net book value **($'000s)**	Oil & Natural Gas Assets	Other Equipment	Total
At December 31, 2016	224,820	247	225,067
At September 30, 2017	**229,551**	**320**	**229,871**

For the nine months ended September 30, 2017, additions to property, plant and equipment included capitalized general and administrative expenses of $0.9 million (September 30, 2016: $0.7 million) and costs related to share-based compensation of $0.6 million (September 30, 2016: $0.4 million). Future development costs in the amount of $167 million were included in the depletion calculation for the three months ended September 30, 2017 (September 30, 2016 - $74 million).

At September 30, 2017 there were no indicators of impairment.

7. EXPLORATION AND EVALUATION

($'000s)	**Sept. 30, 2017**	December 31, 2016
Balance at January 1	**11,599**	5,716
Additions	**331**	471
Acquisitions	**358**	6,867
Transfers to property, plant and equipment	**-**	(57)
Transfers to exploration and evaluation expense	**(572)**	(1,398)
Ending balance	**11,716**	11,599

8. BANK DEBT

At September 30, 2017, the Company has a $60.0 million senior secured revolving credit facility (the "**Credit Facility**") with a syndicate of Canadian financial institutions (the "**Lenders**"). The Credit Facility consists of a $50 million revolving line of credit and a $10 million operating line of credit. The Credit Facility has a term date of May 31, 2018, and if not extended, additional advances would not be permitted and any outstanding advances would become repayable one year later on May 31, 2019. The Credit Facility is secured by a floating charge debenture and a general security agreement on the assets of the Company. At September 30, 2017 the Company had drawn $36.9 million on the Credit Facility.

Under the credit agreement, advances can be drawn as prime rate loans and bear interest at the bank's prime lending rate plus interest rates between 1.00% and 3.25%. Advances may also be drawn as banker's acceptances, Libor loans, and letters of credit, subject to stamping fees and margins ranging from 2.00% to 4.25%. Standby fees are charged on the undrawn portion of the Credit Facility at rates ranging from 0.50% to 1.0625%. These interest rates, fees and margins vary based on adjusted debt to earnings metrics determined at each quarter end for the preceding 12 months. There are standard reporting covenants under the Credit Facility, however there are no financial covenants. The Company was in compliance with these standard reporting covenants as at September 30, 2017. Prior to this Credit Facility, Prior InPlay had in place a $60 million senior secured demand credit facility which was paid out in full at closing in conjunction with the closing of the November 7, 2016 financing, Asset Acquisition and Arrangement.

The available lending limit of the Credit Facility is scheduled for the semi-annual review on or before November 30, 2017 and is based on the Lenders' interpretation of the Company's reserves and future commodity prices. There can be no assurance that the amount or terms of the available Credit Facility will not be adjusted at the next review. In the event that the lenders reduced the borrowing base below the amount drawn at the time of the redetermination, the Company would have 60 days to eliminate any borrowing base shortfall by repaying the amount drawn in excess of the re-determined borrowing base or by providing additional security or other consideration satisfactory to the lenders. Repayments of principal are not required provided that the borrowings under the facility do not exceed the authorized borrowing amount and the Company is in compliance with all covenants, representations and warranties.

9. DECOMMISSIONING OBLIGATION

($'000s)	**Sept. 30, 2017**	December 31, 2016
Balance at January 1	**68,948**	22,763
Provisions incurred	**387**	457
Acquired through Business Combinations	**207**	17,581
Provisions settled	**(251)**	(119)
Revaluation of liabilities acquired based on discount rate	**718**	30,061
Change in estimates	**(3,445)**	(2,361)
Accretion expense	**1,117**	566
Ending balance	**67,681**	68,948

The estimated future cash out flows as at September 30, 2017 are based on the current estimated costs, government regulations and industry practices to decommission the Company's exploration and production assets. The Company used an inflation rate of 2.0% per annum (Dec 31, 2016 – 2.0%) until settlement of the obligations, which is assumed to occur over the next 7 to 50 years, to determine the future estimated cash flows. The net present value of the future estimated cash flows have been determined using risk-free discount rates of 1.9% to 2.5% depending on the estimated timing of the future settlement of the obligations (Dec, 31 2016 –1.4% to 2.3%). The total inflation adjusted undiscounted amount of estimated future cash flows required to settle the decommissioning obligation at September 30, 2017 was approximately $114.8 million (Dec 31, 2016 - $112.6 million).

At the date of the business combinations, the acquired decommissioning obligations were recognized at fair value which was estimated using credit adjusted discount rates of 7.4% to 8.3%. The impact of the change in the estimated present value using risk-free discount rates is recorded as 'Revaluation of liabilities acquired based on discount rate'.

There are material uncertainties about the amount and timing of the decommissioning obligation, which include the future market prices for services and equipment required to undertake decommissioning activities, the government regulations and industry practices that set out the relevant standards, and the life-span of the Company's portfolio of exploration and production assets.

10. INCOME TAX

The following table reconciles the income tax (recovery) calculated using statutory tax rates to the deferred income tax expense (recovery) per the statement of (loss) and comprehensive (loss):

($'000s)	Three Months Ended September 30		Six Months Ended September 30	
	2017	2016	**2017**	2016
(Loss) before tax	**(2,887)**	(1,966)	**(567)**	(21,430)
Expected income tax rate	**27%**	27%	**27%**	27%
Expected income tax (recovery)	**(779)**	(531)	**(153)**	(5,786)
Increase in income taxes resulting from:				
Nontaxable permanent differences – stock based comp	**108**	97	**324**	402
Other	**12**	6	**23**	13
Deferred income tax expense (recovery)	**(659)**	(428)	**194**	(5,371)

11. SHARE CAPITAL

Outstanding share capital consists of an unlimited number of voting common shares:

	Number of Common Shares[(1)]	Amount ($'000s)
Balance at December 31, 2015	12,063,110	118,262
Issued in exchange for the Asset Acquisition	2,171,667	4,347
Issued for cash	28,887,516	66,510
CEE Flow-through shares issued	635,642	1,708
CDE Flow-through shares issued	866,762	2,128
Flow-through share premium liability	-	(377)
Issued under the Anderson Arrangement	17,771,472	35,543
Share issue costs	-	(1,580)
Balance at December 31, 2016	62,396,169	226,541
Repurchase of shares	(342,600)	(1,249)
Balance at September 30, 2017[(1)(2)]	**62,053,569**	**225,292**

(1) The number of common shares have been adjusted retrospectively to reflect the InPlay Exchange Ratio.

(2) Subsequent to September 30, 2017 the Company completed the sale and issuance of an aggregate of 1 million CEE Shares for gross proceeds of $1.8 million. See Note 21 *Subsequent Events*.

In connection with the Arrangement (see notes 1 and 5), Prior InPlay completed a private placement of common shares for proceeds of $0.4 million (195,015 common shares) and a subscription receipt financing for aggregate gross proceeds of approximately $69.9 million (the "**InPlay Financing**"). The private placement for $0.4 million was issued to insiders and management of InPlay in conjunction with the Arrangement. The outstanding common shares of Prior InPlay ("**Prior InPlay Shares**") and subscription receipts ("**Prior InPlay Subscription Receipts**") issued under the InPlay Financing were, through a series of steps under the Arrangement, exchanged for common shares of InPlay ("**InPlay Shares**") on the basis of 0.1303 of an InPlay Share for each one (1) Prior InPlay Share and each one (1) Prior InPlay Subscription Receipt previously held (the "**InPlay Exchange Ratio**"). Holders of Anderson common shares continued to hold one (1) InPlay Share for each one (1) Anderson common share held prior to completion of the Arrangement without any action on their part. The number of commons shares for all periods shown above were adjusted retrospectively to reflect the InPlay Exchange Ratio.

Also connected with the Arrangement, the Company issued 2,171,667 million InPlay Shares (reflecting the InPlay Exchange Ratio) having a deemed value of $4.3 million as partial consideration for the Asset Acquisition. See note 5.

As a part of the above noted financing, 1,502,405 Subscription Receipts were also issued to be converted into flow-through common shares upon completion of the Arrangement. Following the conversion of these Subscription Receipts, 635,642 Canadian Exploration Expense ("CEE") flow-through common shares of InPlay were issued and 866,762 Canadian Development Expense ("CDE") flow-through common shares of InPlay were issued. Proceeds of $3.8 million were raised and $0.4 million of this amount was recorded to Flow-through share premium liability. Following this offering, the Company has spent the required $2.1 million in required CDE expenditures by December 31, 2016 and the $1.7 million in CEE expenditures will be spent in 2017.

During the nine months ended September 30, 2017, 342,600 common shares (year ended December 31, 2016 – nil) were repurchased under a normal course issuer bid at an average cost of $1.53 per share for total consideration of $0.5 million (year ended December 31, 2016 – $nil). Contributed surplus was increased by $0.7 million during the nine months ended September 30, 2017 (year ended December 31, 2016 – $nil) for the average carrying value of the shares repurchased in excess of their repurchase cost.

12. SHARE-BASED COMPENSATION

12(a) Stock option plan

The Company has an incentive stock option plan pursuant to which options to purchase common shares may be granted to directors, officers, employees and service providers of the Company. The aggregate number of stock options that may be granted at any time under the plan shall not exceed 10% of the aggregate number of issued and outstanding common shares. The exercise price, terms of vesting and expiry date of stock options are fixed by the directors of the Company at the time of grant. All outstanding stock options vest over a three year period, or otherwise in accordance with the stock option plan, and expire five years from the date of grant. The directors of the Company may amend, alter or revise the terms and conditions of the stock option plan or of any outstanding stock options, subject to the terms of the plan. All options of Prior InPlay were surrendered for cancellation in conjunction with the completion of the Arrangement. Following the completion of the Arrangement, new options were issued in the first quarter of 2017.

	Number of options	Weighted average remaining life (years)	Weighted average exercise price
Balance at December 31, 2015[(1)]	927,215	4.5	9.59
Cancelled during the year[(1)]	(927,215)	3.5	9.59
Balance at December 31, 2016	**-**	**-**	**-**
Granted during the period	4,955,400	4.26	1.98
Forfeited during the period	(12,000)	4.25	1.98
Balance at September 30, 2017	**4,943,400**	**4.26**	**1.98**

(1) The number of options and weighted average exercise price for all options issued in Prior InPlay up to December 31, 2016 have been adjusted retrospectively to reflect the InPlay Exchange Ratio. See note 11.

12(b) Share-based compensation amounts recognized

Share-based compensation in the amount of $0.4 million and $1.2 million was recognized in the three and nine months ended September 30, 2017 respectively (three months ended September 30, 2016 - $0.4 million; nine months ended September 30, 2016 - $1.5 million), in addition to $0.6 million (nine months ended September 30, 2016 - $0.4 million) of capitalized stock based compensation recognized for the nine months ended September 30, 2017, all with a corresponding credit to contributed surplus.

The fair value of each stock option granted in the six months ended September 30, 2017 is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	**2017**	2016
Risk free interest rate	**1.33%**	-	**0.91%**	-
Expected volatility	**55%**	-	**58%**	-
Expected life	**3.5 years**	-	**3.5 years**	-
Dividend yield	**nil**	-	**nil**	-
Expected forfeiture rate	**nil**	-	**nil**	-
Stock price on grant date	**1.48**	-	**1.98**	-
Fair value per option	**$0.65**	-	**$0.83**	-

13. (LOSS) PER SHARE

($'000s, except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	**2017**	2016
(Loss) for the period	**(2,228)**	(1,538)	**(761)**	(16,059)
Weighted average basic number of shares	**62,084,852**	12,063,110	**62,288,164**	12,063,110
Weighted average diluted number of common shares[(1)]	**62,084,852**	12,063,110	**62,288,164**	12,063,110
(Loss) – basic	**(0.04)**	(0.13)	**(0.01)**	(1.33)
(Loss) – diluted[(2)]	**(0.04)**	(0.13)	**(0.01)**	(1.33)

(1) The weighted average number of common shares and calculation of basic and diluted (loss) per share for all periods presented have been adjusted retrospectively to reflect the InPlay Exchange Ratio. See note 11.

(2) A total of 4,943,400 options are excluded from the per share calculations as they are anti-dilutive. (2016: 7,116,000 options & 15,695,000 performance warrants).

14. REVENUE AND DERIVATIVE CONTRACTS

($'000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	**2017**	2016
Oil sales	**12,006**	5,162	**35,664**	15,776
Natural gas sales	**1,346**	341	**5,413**	944
Natural gas liquids sales	**1,137**	178	**3,145**	551
Total	**14,489**	5,681	**44,222**	17,271
Changes in fair value of derivative contracts:				
Realized gain on derivative contracts	**413**	140	**954**	2,916
Unrealized gain (loss) on derivative contracts	**(695)**	186	**1,787**	(3,626)
Gain (loss) on derivative contracts	**(282)**	326	**2,741**	(710)

15. GENERAL AND ADMINISTRATIVE EXPENSES

($'000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	**2017**	2016
Gross general and administrative	**1,696**	1,134	**5,060**	3,316
Capitalized G&A and recoveries	**(246)**	(220)	**(864)**	(678)
General and administrative expense	**1,450**	914	**4,196**	2,638

16. FINANCE EXPENSE

($'000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	**2017**	2016
Interest expense (Credit Facility and other)	**459**	388	**1,085**	1,160
Accretion expense on decommissioning obligation	**447**	60	**1,117**	231
Finance expense	**906**	448	**2,202**	1,391

17. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital is comprised of:

($'000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	**2017**	2016
Source (use) of cash:				
Accounts receivable and accruals	**(1,533)**	684	**(225)**	1,250
Prepaid expenses, deposits and deferred lease credits	**(213)**	(2,372)	**(832)**	(2,604)
Accounts payable and accruals	**3,989**	(1,469)	**1,096**	(2,674)
	2,243	(3,157)	**39**	(4,028)
Related to operating activities	**(1,003)**	(2,858)	**(588)**	(1,981)
Related to financing activities	**(196)**	-	**-**	-
Related to investing activities	**3,442**	(299)	**627**	(2,047)
	2,243	(3,157)	**39**	(4,028)

18. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company has exposure to credit, liquidity and market risk from its use of financial instruments. This note presents information about the Company's exposure to these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Management of InPlay has overall responsibility for identifying the principal risks of the Company and ensuring the policies and procedures are in place to appropriately manage these risks. InPlay's management identifies, analyzes and monitors risks and considers the implication of the market condition in relation to the Company's activities.

18(a) Fair value of financial instruments

Financial instruments comprise cash and cash equivalents, accounts receivable and accrued receivables, deposits, derivative contracts, accounts payable and accrued liabilities and bank debt.

The carrying amounts for cash and cash equivalents, accounts receivable and accrued receivables, deposits, and accounts payable and accrued liabilities are reasonable approximations of their respective fair values due to the short-term maturities of those instruments. Bank debt's carrying amount is also a reasonable approximation of its fair value as it is variable rate debt with similar terms to what would be available as of the balance sheet date.

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the nature of the inputs used to value the instrument:

- Level 1 – observable inputs such as quoted prices in active markets;
- Level 2 – inputs, other than the quoted market prices in active markets, which are observable, either directly and/or indirectly; and
- Level 3 – one or more of the significant inputs is not based on observable market data exists.

The fair values of the derivative contracts used for risk management as shown in the statements of financial position as at September 30, 2017 were measured using level 2 observable inputs, including quoted prices received from financial institutions based on published forward price curves as at the measurement date, using the remaining contracted oil and natural gas volumes.

During the nine month periods ended September 30, 2017 and September 30, 2016, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

18(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint operations partners and petroleum and natural gas customers.

Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. When production is not taken in kind payment comes from the common stream operator and facility operator in which payment is typically received within one month following the 25th day of the month following production. InPlay's approach to mitigate credit risk associated with these balances is to maintain marketing relationships with large, established and reputable customers, common stream operators and facility operators that are considered to be creditworthy. InPlay has not experienced any collection issues with its current common stream and facility operators. Joint operations receivables are typically collected within two to three months of the joint operations billing being issued to the partner.

InPlay mitigates collection risk from joint operations receivables by obtaining partner approval of significant capital and operating expenditures prior to expenditure and, in certain circumstances, may collect cash deposits in advance of incurring financial obligations on behalf of joint operations partners. Joint operations receivables are from partners in the petroleum and natural gas industry who are subject to the risks and conditions of the industry. Significant changes in industry conditions and risks that negatively impact partners' ability to generate cash flow will increase the risk of not collecting receivables.

The Company does not typically obtain collateral from oil and natural gas customers or joint interest partners; however, the Company does have the ability to withhold production from joint interest partners in the event of non-payment.

Trade and other receivables are non–interest bearing and are generally on 25 to 90 day terms. The Company's allowance for doubtful accounts as at September 30, 2017 was $0.2 million (December 31, 2016 – $0.4). This allowance was associated with the Arrangement and relates to either industry counterparties with financial solvency issues or potential joint interest billing disputes. See note 5.

In determining the recoverability of trade and other receivables, InPlay considers the type and age of the outstanding receivables, the credit risk of the counterparties, and the recourse available to InPlay. The maximum exposure to credit risk for accounts receivable and accruals, net of allowance for doubtful accounts at the reporting date by type of customer was:

	Carrying Amount	
($'000s)	**Sept. 30, 2017**	December 31, 2016
Oil and natural gas customers	**23**	4,672
Joint operations partners	**2,308**	1,084
Accruals & Other	**6,350**	2,700
	8,681	8,456

As of September 30, 2017 and December 31, 2016, the Company's accounts receivable and accrued receivables, net of allowance for doubtful accounts was aged as follows:

Aging **($'000s)**	**Sept. 30, 2017**	December 31, 2016
0 – 30 days	**7,350**	7,403
30- 90 days	**408**	437
Greater than 90 days	**923**	616
Total	**8,681**	8,456

The Company considers amounts greater than 90 days past due. Receivables normally collectible within 30 to 60 days can take longer as information requests and timing can come into effect in dealing with receivables from joint venture partners. At September 30, 2017 $1.1 million (December 31, 2016 – $0.6 million) in accounts receivable were over 90 days due and considered past due. Of the $1.1 million, $0.2 million had an allowance for doubtful accounts recognized.

Cash and cash equivalents, when held, consist of cash bank balances and short-term deposits which all mature in less than 90 days. InPlay only invests cash and enters into short-term deposits and derivative contracts with large established Canadian banks and avoids complex investment vehicles with higher risk.

18(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. The Company uses authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. To provide capital when needed, the Company has a credit facility which is reviewed semi-annually by its lenders. These facilities are described in note 8. The Company also attempts to match its payment cycle with collection of oil and natural gas revenue on the 25th of each month. The following are the contractual maturities of non-derivative financial liabilities at September 30, 2017:

($'000s)	Less than one year	One to two years
Non-derivative financial liabilities		
Accounts payable and accrued liabilities	16,572	-
Bank loans – principal & interest (1)	1,171	36,911
Total	17,743	36,911

(1) Assumes the credit facilities are not renewed on May 31, 2018, whereby outstanding balances become due one year later on May 31, 2019.

The following table shows break down of the Company's accounts payable and accrued liabilities:

	Carrying Amount	
($'000s)	**Sept. 30, 2017**	December 31, 2016
Trade payables (2)	**11,051**	8,735
Joint operations partners	**1,780**	1,117
Accruals (3)	**3,741**	5,624
Total	**16,572**	15,476

(2) Includes all accounts payable related to operations, including royalties payable.

(3) Accruals include amounts for goods and services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier as of the reporting date. These accruals relate to both operating and capital activities.

18(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. The Company is exposed to market risks resulting from fluctuations in commodity prices, foreign exchange rates and interest rates in the normal course of operations. Derivative instruments may be used to reduce exposure to these risks.

(i) Foreign currency exchange rate risk

The Company is exposed to the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. While substantially all of the Company's sales are denominated in Canadian dollars, the market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian dollar and the United States dollar. The Company had no forward exchange rate contracts in place as at September 30, 2017 and December 31, 2016.

(ii) Commodity price risk

The Company is exposed to the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. The reference price for buyers and sellers of crude oil relevant to the Company's oil sales is West Texas Intermediate at Cushing, Oklahoma, USA ("**WTI**"), and the reference price for buyers and sellers of natural gas includes deals that are conducted anywhere within TransCanada's Alberta, Canada System, otherwise known as NOVA ("**AECO**"). Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined above, but also world economic events and North American processing and supply considerations that influence the levels of supply and demand.

InPlay manages the risks associated with changes in commodity prices by entering into financial derivative risk management contracts. The Company does not apply hedge accounting for these contracts. The Company does not enter into commodity contracts other than to manage the risk of commodity price fluctuation from the Company's expected commodity sales.

At September 30, 2017 the following commodity-based derivative contracts were outstanding and recorded at estimated fair value:

Type of contract: swap (natural gas pricing AECO):

Currency denomination	Volume (GJ/day)	Average swap price	Term	Fair value ($'000 CAD)
Canadian dollar	1,000	3.055/GJ	Jan 1, 2017 – March 31, 2018	$151
Canadian dollar	2,000	2.51 /GJ	April 1, 2017 – Oct 31, 2017	$64
Canadian dollar	1,000	2.95 /GJ	May 1, 2018 – March 31, 2018	$132
Canadian dollar	1,000	3.04 /GJ	June 1, 2017 – Dec 31, 2017	$95

Type of contract: costless collar [1] (crude oil pricing WTI):

Currency denomination	Volume (bpd)	Sold call price	Sold put price	Term	Fair value ($'000 CAD)
Canadian dollar	200	55.00/bbl	73.65/bbl	Nov 1, 2016 – Dec 31, 2017	-
Canadian dollar	200	55.00/bbl	74.00/bbl	Jan 1, 2017 – Dec 31, 2017	$1
US dollar	200	47.50/bbl	57.80/bbl	Jan 1, 2017 – Dec 31, 2017	$5
US dollar	500	47.00/bbl	59.60/bbl	Jan 1, 2017 – Dec 31, 2017	$16
US dollar	200	47.00/bbl	52.00/bbl	Sept 1, 2017 – March 31, 2018	($66)
US dollar	200	46.00/bbl	53.00/bbl	Sept 1, 2017 – June 30, 2018	($86)
US dollar	200	46.00/bbl	53.40/bbl	Oct 1, 2017 – June 30, 2018	($73)

[1] Costless collar indicates InPlay concurrently sold put and call options at strike prices such that the costs and premiums received offset each other, thereby completing the derivative contracts on a costless basis.

The estimated fair value of the financial option contracts has been determined on the amounts the Company would receive or pay for another party to assume the contracts. At September 30, 2017, the Company estimates that it would receive $0.2 million for another party to assume these contracts.

The fair value of the financial commodity risk management contracts have been allocate as follows:

($'000s)	Sept. 30, 2017	December 31, 2016
Current asset	**239**	-
Current liability	**-**	(1,549)
Net asset (liability) position	**239**	(1,549)

An increase or decrease of $5.00 per barrel WTI of oil and $0.25 per Mcf AECO of natural gas would decrease the fair value of derivative contracts by $1.0 million and increase the fair value of derivative contracts by $0.7 million respectively as at September 30, 2017.

Subsequent to September 30, 2017 the Company entered into crude oil derivative contracts as follows:

Type of contract: swap (crude oil pricing WTI):

Currency denomination	Volume (bpd)	Average swap price	Term
US dollar	500	57.00/bbl	Jan 1, 2018 – June 30, 2018

Type of contract: costless collar (crude oil pricing WTI):

Currency denomination	Volume (bpd)	Sold call price	Sold put price	Term
US dollar	300	48.00/bbl	57.00/bbl	Nov 1, 2017 – Dec 31, 2018

(iii) Interest rate risk

The Company is exposed to the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's primary exposure is related to its floating interest rate credit facility. The Company estimates that an increase or decrease of 1% in interest rates would result in a change in total annual interest expense on bank debt by approximately $0.1 million for the three months ended September 30, 2017 (September 30, 2016 - $0.1 million).

18(e) Capital management

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility which will allow it to execute an acquisition or to execute on its capital investment program, provide creditor and market confidence and to sustain the future development of the business.

At September 30, 2017, InPlay's capital structure includes shareholders' equity, credit facility and adjusted working capital. The Company manages its capital structure by continually monitoring its business conditions, including: changes in economic conditions, the risk profile of its drilling inventory, the efficiencies of past investments, the efficiencies of forecast investments and the timing of such investments, the forecast commodity prices and resulting cash flows.

InPlay's current capital structure is summarized below:

($'000s)	September 30, 2017	December 31, 2016
Current liabilities	**16,859**	17,398
Current assets	**(11,772)**	(10,675)
Working capital deficiency	**5,087**	6,723
Derivative contract asset (liability)	**239**	(1,549)
Deferred lease payments	**(43)**	(129)
Flow-through Share premium	**(244)**	(244)
Adjusted working capital deficiency	**5,039**	4,801
Credit Facility	**36,911**	29,755
Net debt	**41,950**	34,556
Shareholders' equity	**187,863**	187,378
Total capitalization	**229,813**	221,934

19. RELATED PARTY TRANSACTIONS

InPlay had no related party transactions that were entered into under the normal course of business for the nine months ended September 30, 2017. For the nine months ended September 30, 2016, a director of the Company was an executive officer of a corporation to which the Company made office lease payments in the amount of $0.3 million during the nine months ended September 30, 2016. The lease term ended in November 2016 and no amounts were outstanding as of December 31, 2016.

20. COMMITMENTS

20(a) Capital commitments

As at September 30, 2017, the Company had $1.7 million remaining of its commitment to incur qualifying exploration and development expenditures related to the $3.8 million raised from the issuance of flow-through shares in conjunction with the closing of the Arrangement.

20(b) Operating lease commitments

The Company has the following estimated annual obligations related to its office lease obligations.

The minimum future payments for these leases are as follows:

($'000s)	2017	2018	2019
Office lease payments(1) (2)	190	379	29

(1) Net of sublease income of $27,000 for 2017 and $9,000 for 2018.

(2) Both parties are entitled to terminate the lease agreement at any point after January 31, 2019 provided six months' notice is provided to the other party. This commitment table above assumes that this termination will occur on February 1, 2019.

20(c) Other commitments

The Company has entered into firm service gas transportation agreements in which the Company guarantees certain minimum volumes of natural gas will be shipped on various gas transportation systems. The terms of the various agreements expire in one to five years. If no volumes were shipped pursuant to the agreements, the maximum amounts payable under the guarantees based on current tariff rates are as follows:

($'000s)	2017	2018	2019	2020	Thereafter
Firm service commitment	102	445	259	90	289

21. SUBSEQUENT EVENTS

Subsequent to September 30, 2017, the Company acquired 12,800 acres of undeveloped land at crown land sales for $13.9 million.

Subsequent to the quarter end, InPlay determined to issue, by way of a non-brokered private placement financing on a "flow-through" basis, up to $10 million in common shares in respect of a combination of Canadian development expenses ("**CDE**") at a price of $1.70 per share ("**CDE Shares**") and Canadian exploration expenses ("**CEE**") at a price of $1.80 per share ("**CEE Shares**") (the "**Private Placement**"). Proceeds of the Private Placement will be used to incur eligible CDE and CEE, as the case may be.

To date, the Corporation has completed the sale and issuance of an aggregate of 1 million CEE Shares for gross proceeds of $1.8 million. The balance of the Private Placement is expected to close in one or more additional tranches mid to late November 2017 and remains subject to receipt of all necessary approvals including the approval of the Toronto Stock Exchange. The common shares issued pursuant to the Private Placement are subject to a statutory hold period of four months plus one day from the date of issuance in accordance with applicable securities legislation.